

Message Text

CONFIDENTIAL

PAGE 01 ANKARA 02784 111526Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 SS-15 EB-08 COME-00
SSO-00 SP-02 AID-05 TRSE-00 STR-07 OMB-01 CEA-01
CIAE-00 INR-10 NSAE-00 INRE-00 NSCE-00 ICAE-00
L-03 H-01 DODE-00 PM-05 /084 W
-----082517 111533Z /47

O R 111445Z APR 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 1464
INFO AMEMBASSY LONDON
USMISSION GENEVA

C O N F I D E N T I A L ANKARA 2784

PASS DEPARTMENT OF AGRICULTURE ELECTRONICALLY

E.O. 11652: GDS
TAGS: EAGR, ETRD, BDIS, TU
SUBJ: TRADE COMPLAINT: CONTINENTAL GRAIN COMPANY

REF: STATE 90256

1. SORENSEN'S LETTER OF MARCH 21 STATING LATEST PRO-
POSAL BY CONTINENTAL GRAIN HAS BEEN RECEIVED BY MINISTER
OF AGRICULTURE, YUCELER, AND HAS NOW BEEN FORWARDED
TO TMO FOR THAT AGENCY'S CONSIDERATION. MINISTER
HAS REQUESTED TMO TO MAKE APPROPRIATE RECOMMENDATIONS
AND INFORM HIM OF ITS DECISION. AS OF THIS DATE, TMO
HAS NOT RESPONDED.

2. AGATTACHE AND ECON COUNSELOR CALLED APRIL 11
ON AMBASSADOR BEHIC HAZAR, MFA DIRECTOR GENERAL FOR
BILATERAL ECONOMIC RELATIONS, AND MEMBER OF TURKISH
NEGOTIATING TEAM AT TIME OF SORENSEN'S LAST VISIT TO
ANKARA, TO URGE THAT GOT MOVE RAPIDLY TO SETTLE DISPUTE.
IN COURSE OF CONVERSATION THEY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ANKARA 02784 111526Z

A. INFORMED HAZAR IN GENERAL OF NATURE OF LATEST CONTINENTAL OFFER;
B. POINTED OUT THAT THE TWO SIDES WERE ALREADY
CLOSE TO AGREEMENT ON DOLLAR VALUE OF THE SETTLEMENT,
CONTINENTAL GARIN HAVING REDUCED ITS DEMAND FROM THE
EQUIVALENT OF \$67 MILLION AWARD IT IS DAMAGES BY A
BRITISH COURT TO \$22-24 MILLION, ON ASSUMPTION THAT
SETTLEMENT WOULD BE MAINLY IN TERMS OF WHEAT;

C. EXPRESSED CONCERN THAT GOT MIGHT NOT BE GIVING PRIORITY IN DISPOSING OF ITS WHEAT TO THE CONTINENTAL CALIM, IN VIEW OF SALE OF 210,000 TONS OF WHEAT TO DATE THIS YEAR AND REPORT THAT 300-400,000 TONS MORE MIGHT BE TRANSFERRED TO ITALY TO BE USED IN PART TO PAY FOR COMPONENTS IMPORTED FOR ASSEMBLY OF FIAT CARS IN TURKEY;

D. STATED THAT CONTINENTAL WOULD LIKE TO SETTLE DISPUTE AT EARLIEST POSSIBLE TIME AND THAT RAPID SETTLEMENT WOULD BE IN TURKISH INTEREST AS WELL FOR MANY REASONS, INCLUDING FACT THAT CONTINENTAL HAS OFFERED TO HELP TURKEY MARKET AGRICULTURAL COMMODITIES AFTER SETTLEMENT IS REACHED;

E. POINTED OUT THAT SORENSEN HAD CITED IN EARLIER LETTER TO MINISTER OF AGRICULTURE US LAWS WHICH REQUIRE THE PRESIDENT (1) TO SUSPEND ASSISTANCE TO ANY GOVERNMENT THAT, HAVING REPUDIATED A CONTRACT WITH A UNITED STATES CORPORATION, FAILS WITHIN A REASONABLE TIME TO TAKE STEPS TO DISCHARGE ITS OBLIGATIONS TO THAT CORPORATION AND (2) TO DENY DESIGNATION AS A BENEFICIARY OF THE US GENERALIZED SYSTEM OF PREFERENCES TO ANY COUNTRY WHICH FAILS TO RECOGNIZE AS BINDING ARBITRAL AWARDS IN FAVOR OF A UNITED STATES CORPORATION;

F. STATED THE DEEP CONCERN OF THE AMBASSADOR THAT NO OCCASION BE PROVIDED THAT MIGHT CAUSE DIFFICULTIES IN CONGRESS DURING ITS CONSIDERATION OF ADMINISTRATION ATTEMPT TO SECURE REPEAL OF THE EMBARGO ON THE SALE OF US MILITARY EQUIPMENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ANKARA 02784 111526Z

TO TURKEY.

E. HAZAR RESPONDED THAT

A. HE APPRECIATED THE POLITICAL DIMENSIONS OF THIS PROBLEM;

B. THERE WAS, HOWEVER, A DISAGREEMENT WHICH HAD TO BE RESOLVED WITHIN THE TURKISH GOVERNMENT OVER WHERE THE RESPONSIBILITY LAY FOR BREAKING THE CONTRACT, TMO BEING RELUCTANT TO PAY DAMAGES OUT OF ITS OWN RESOURCES;

C. HE WOULD URGE UPON THE MINISTER OF AGRICULTURE AND THE DIRECTOR GENERAL OF TMO THE DESIRABILITY OF A RAPID SETTLEMENT;

D. HE WOULD ALSO BRING THE MATTER TO THE ATTENTION OF MFA SECRETARY GENERAL SUKRU ELEKDAG. (HE INFORMED US LATER THAT HE HAD DONE SO.)

4. AMBASSADOR HAS APPOINTMENT WITH ELEKDAG APRIL 13 TO EMPHASIZE FURTHER THE IMPORTANCE OF NOT ALLOWING A TRADE DISPUTE TO COMPLICATE THE SITUATION IN CONGRESS AT A DELICATE TIME. AMBASSADOR INTENDS ALSO TO CALL ON MINISTER OF AGRICULTURE TO PRESS FOR EARLY SETTLEMENT.

5. HAZAR SAID THAT NO FINAL DECISION HAS BEEN MADE WITH RESPECT TO THE FIAT WHEAT DEAL. THE ITALIANS SENT A DELEGATION TO ANKARA ABOUT TWO MONTHS AGO COMPOSED OF PRIVATE DEALERS AND FIAT REPRESENTATIVES TO PROPOSE TAKING \$50-MILLION WORTH OF TURKISH WHEAT AND OTHER CEREALS, HALF TO BE APPLIED AGAINST THE FIAT ACCOUNT AND THE REST TO BE SOLD IN TURKEY'S BEHALF. UNDER THE TERMS OF THE NEW IMF AGREEMENT WITH TURKEY, SUCH BARTER ARRANGEMENTS ARE UNLIKELY TO BE ACCEPTABLE.
SPIERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE COMPLAINTS, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ANKARA02784
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780155-0805
Format: TEL
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780472/aaaacjbx.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bf5420b3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 90256
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3015363
Secure: OPEN
Status: NATIVE
Subject: TRADE COMPLAINT: CONTINENTAL GRAIN COMPANY
TAGS: EAGR, ETRD, BDIS, TU
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/bf5420b3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014